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Chair: Ms. Bird ..... (Australia)
Chair of the Advisory Committee on Administrative and Budgetary Questions: Mr. Ruiz Massieu

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The meeting was called to order at 10.05 a.m.

Agenda item 138: Improving the financial situation of the United Nations

1. **Ms. Beagle** (Under-Secretary-General for Management), accompanying her statement[1] with a digital slide presentation, said that, since the presentation on the financial situation of the United Nations at the Committee's 37th meeting at the seventy-second session of the General Assembly, held on 11 May 2018, the Secretary-General had written to all Member States on 25 July 2018, following his letter of 11 January 2018, to inform them of the troubling financial situation of the Organization. Her presentation would cover the financial situation of the regular budget, peacekeeping operations and the international tribunals as at the reporting cut-off date of 30 September 2018.

2. The regular budget cash situation remained precarious, with deficits becoming larger and arising earlier in the year. The regular budget shortfall of $139 million as at 30 June 2018 had reached $365 million by 30 September 2018, exhausting the reserves of $353 million, comprising $150 million from the Working Capital Fund and $203 million from the Special Account. Taking into account the reserves, the shortfall as at 30 September 2018 had been $12 million, which had been covered by borrowing from the accounts of closed peacekeeping operations.

3. As at 1 January 2018, unpaid regular budget assessments had amounted to $531 million, $122 million higher than at 1 January 2017. Letters of assessment for the regular budget had been issued at a level of $2.5 billion in 2018, $91 million lower than in 2017. However, unpaid contributions as at 30 September 2018 had been only $7 million lower than at 30 September 2017. A total of $1.1 billion had remained unpaid as at 30 September 2018.

4. By 30 September 2018, 141 Member States had paid their regular budget contributions in full, 7 more than at 30 September 2017; 3 more Member States had paid since the cut-off date. She thanked those Member States that had paid all their regular budget assessments and urged the remaining Member States to do so as soon as possible, as their actions would determine the final financial outcome for 2018.

5. Changing demand for peacekeeping activities made it difficult to predict the financial requirements of peacekeeping operations. In addition, the financial period of those operations differed from that of the regular budget in that it ran from 1 July to 30 June rather than for the calendar year. Moreover, letters of assessment were issued separately for each operation and, as those letters could only be issued for the mandate period authorized by the Security Council for each mission, they were issued for different periods throughout the year. Letters of assessment for peacekeeping had been issued at a level of $4.9 billion in 2018 and payments of approximately $4.3 billion had been received as at 30 September 2018. As at that date, the total amount outstanding for peacekeeping had stood at slightly above $2.5 billion.

6. As at 30 September 2018, $92 million had been owed to Member States for troops and formed police units. With regard to claims for contingent-owned equipment, $43 million had been owed in the case of active missions, and $86 million had been owed in the case of closed missions. As at the cut-off date, reimbursements in respect of troops and formed police units had been current up to July 2018 for all missions except for the United Nations Mission for Justice Support in Haiti (MINUJUSTH), the United Nations Mission for the Referendum in Western Sahara (MINURSO), the United Nations Peacekeeping Force in Cyprus (UNFICYP) and United Nations Interim Security Force for Abyei (UNISFA). Payments in respect of contingent-owned equipment claims had been current up to June 2018 for all missions except for MINUJUSTH, MINURSO, UNFICYP and the African Union-United Nations Hybrid Operation in Darfur (UNAMID). Of the total amount of $221 million owed for troops and formed police units and for contingent-owned equipment claims as at 30 September 2018, $9 million in respect of troop and formed police units deployed in UNFICYP and UNISFA and $24 million in respect of contingent-owned equipment claims for UNAMID had been paid in October 2018.

7. The Secretary-General was committed to meeting obligations to Member States providing troops and equipment as expeditiously as the cash situation permitted. The Secretariat monitored the peacekeeping cash flow situation closely with a view to maximizing payments, but depended on Member States' meeting their financial obligations and on the expeditious finalization of memorandums of understanding with contributors of contingent-owned equipment.

8. Since the cut-off date, payments had been received from three of the Member States with the highest levels of unpaid peacekeeping assessments as at 30 September 2018. The total outstanding amount of $2.5 billion as at that date had comprised approximately $2.1 billion owed for active missions and $426 million owed for

[1] Subsequently circulated as document A/73/443.

closed missions. By 30 September 2018, 41 Member States had paid all their peacekeeping assessments; 11 more had done so since the cut-off date. She paid a tribute to those Member States that had paid their peacekeeping assessments in full.

9. Although the total cash available for peacekeeping as at 30 September 2018 had amounted to approximately $1.9 billion, comprising approximately $1.6 billion in the accounts of active missions, $153 million in closed mission accounts and $141 million in the Peacekeeping Reserve Fund, that amount was segregated in accordance with the decision of the General Assembly to maintain separate accounts for each mission. The Assembly had specified that no peacekeeping mission should be financed by borrowing from other active peacekeeping missions. The use of the Peacekeeping Reserve Fund was restricted to new operations and the expansion of existing operations.

10. As at 30 September 2018, unpaid assessments for the international tribunals had stood at $68 million, $19 million higher than one year previously. The outstanding amount of $68 million had comprised $7.7 million owed for the International Criminal Tribunal for Rwanda, $30.1 million owed for the International Tribunal for the Former Yugoslavia, and $30.4 million owed for the International Residual Mechanism for Criminal Tribunals. As at 30 September 2018, 104 Member States had paid in full their assessments for the International Tribunal for the Former Yugoslavia and 62 Member States had done so for the Residual Mechanism. The lower number of Member States having paid in full their assessments for the Residual Mechanism could be attributed to the relatively recent issuance of letters of assessment for the Mechanism in July 2018, following the approval of the related appropriation on 5 July 2018. For the International Criminal Tribunal for Rwanda, for which letters of assessment had last been issued in 2016, a total of 165 Member States had paid their assessments in full.

11. By 30 September 2018, 58 Member States had paid their assessed contributions for all tribunal operations in full; 13 more had done so since the cut-off date. She thanked those Member States that had paid their assessments for the tribunals in full and urged the remaining Member States to do so as soon as possible. While the cash position of the tribunals was currently positive, the final outcome for 2018 would depend on Member States' continuing to honour their financial obligations during the remaining months of 2018.

12. In conclusion, she expressed appreciation to the 43 Member States that had paid all assessments in full as at 30 September 2018, as the financial health of the Organization depended on Member States' meeting their financial obligations in full and on time. Sound cash flow was essential to enable the Organization to fulfil its mandates. The Secretariat was committed to using the resources entrusted to it in a cost-effective and efficient manner and to providing information in the most transparent way possible.

The meeting rose at 10.20 a.m.